



United States Department of the Interior

Bureau of Land Management
Uncompahgre Field Office
2465 South Townsend Avenue
Montrose, Colorado 81401



In Reply Refer to: 3100, COC-67120; Bull Mtn.

October 29, 2008

SCOPING NOTICE

Bull Mountain Geographic Area Plan (Natural Gas Wells)

The Bureau of Land Management, Uncompahgre Field Office (BLM), is seeking input regarding a proposal by SG Interests I, Ltd (SG) to create a plan of development for mineral leases they hold within the Bull Mountain Unit in Gunnison County, Colorado, legally described as:

- Township 11 South, Range 89 West, Sections 7, 8, 17, 18, 19, 20, 29, 30, 31, 32
- Township 11 South, Range 90 West, Sections 11, 12, 13, 14, SE ¼ of 22, 23, 24, 25, 26, E ½ of 27, E ½ of 34, 35, 36
- Township 12 South, Range 89 West, Sections 4, 5, 6, 7, 8, 9
- Township 12 South, Range 90 West, Sections 1, 2, NW ¼ of 11, E ½ of 11, 12

The project area includes approximately 19,645 acres. The BLM manages 13,295 acres of Federal mineral estate beneath the private surface, the State of Colorado owns 57 acres, and the remaining 6,293 acres of mineral estate are private (fee). The BLM administers 500 Federal surface acres, SG owns approximately 2,300 private surface acres, and the remaining 16,845 surface acres are privately owned by others. The proposal is to develop 49 tracts within the 60-tract Bull Mountain Unit.

The Bull Mountain Geographic Area Plan (GAP) would provide a phased, structured plan and mitigation requirements for the drilling, development, and production of approximately 55 natural gas wells and the drilling and development of approximately five produced-water disposal wells within the Unit. This total includes all existing and proposed wells within the Unit. To date, SG has drilled nine viable natural gas wells within the Unit (on nine well sites). Additionally, permit applications were filed during the summer of 2008 for one natural gas well and one produced-water disposal well. Associated facilities for new wells within the Unit would include well pads, access roads, pipelines, compressor stations, tank batteries, and electrical lines. Produced natural gas would be transported to national markets via the Bull Mountain Pipeline, which is under construction and scheduled for completion in 2009.

Well spacing is proposed at an average maximum unit density of one well pad per 320 acres (two well pads per section). Drilling would target coalbed methane formations. Multiple wells may be drilled from a single well pad, which would reduce overall density. Vertical drilling is proposed due to the type of formation being targeted; however, directional drilling may be considered where feasible. The project area is shown on the enclosed map. Final locations of proposed wells have not been developed, and some of the final locations may be developed through the course of the GAP process.

Following drilling and associated construction, part of the initial disturbance would be reclaimed. The area not reclaimed would be used for operations. Once the gas resource is extracted, facilities would be removed and the area reclaimed entirely. The estimated life of each individual well would be 30 years;

the estimated life of the entire project could be up to 50 years, depending upon completion of full-field development.

The BLM has determined that this proposed action must be evaluated under the National Environmental Policy Act (NEPA) to evaluate the potential impacts to human health and the environment. An Environmental Assessment will be prepared. The BLM is seeking any comments you may have related to this project. Your comments will assist in identifying issues that should be addressed as part of the analysis being prepared for this project. If you are interested in participating in the environmental analysis process, or have specific concerns, issues, or alternatives you would like addressed, please provide written comments to:

Thane Stranathan
Uncompahgre Field Office
2465 South Townsend Ave.
Montrose, Colorado 81401
Email: thane_stranathan@blm.gov
Fax: (970) 240-5367

Written comments may be submitted by mail, email, or fax. Comments concerning this proposal should be submitted no later than December 1, 2008.

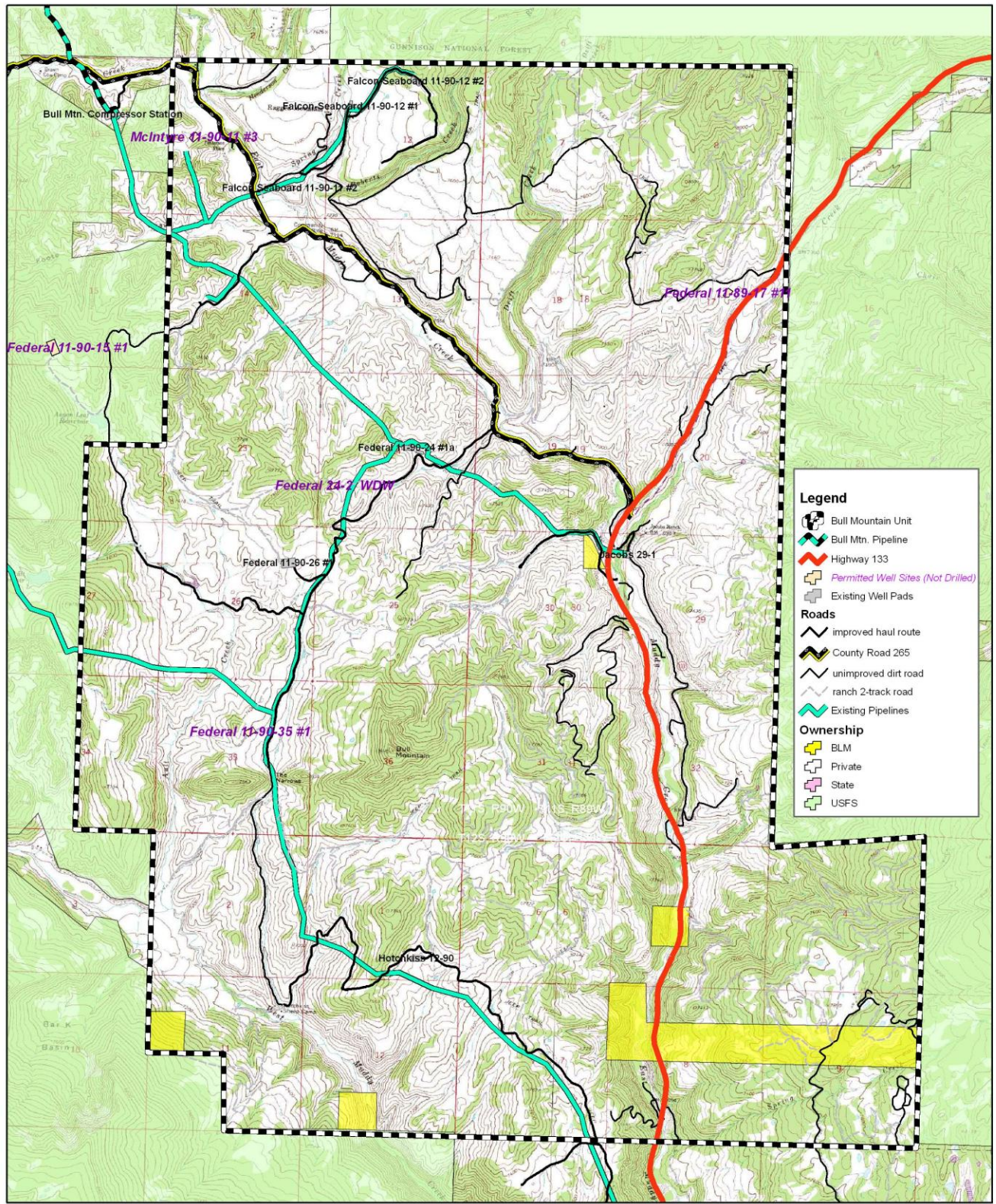
Parties expressing interest during this comment period, and who contest a decision of the Authorized Officer, will be eligible to request a State Director review pursuant to 43 CFR 3165.3. The State Director's decision may then be appealed pursuant to 43 CFR Part 3165.4 and 43 CFR Part 4. Appeal and stay procedures are outlined in Form CO-1840. Only those who submit timely comments will be accepted as appellants of the final decision. Comments must be within the scope of the proposed action, have a direct relationship to the proposed action, and include supporting reasons for the Authorized Officer to consider. Also, for appeal eligibility, each individual or representative from each organization submitting comments must either sign the comments or verify their identity upon request. Please note that comments and information submitted regarding this project, including email addresses and street addresses of respondents, will be available for public review and disclosure at the above address. Individual respondents may request confidentiality. If you wish to withhold your name, email address, or street address from public view or from disclosure under the Freedom of Information Act, you must state this prominently at the beginning of your written comment. Such requests will be honored to the extent allowed by the law. All submissions from organizations or businesses, and from individuals identifying themselves as representatives of officials of organizations or businesses, will be made available for public inspection in their entirety.

Sincerely,

/s/ Barbara Sharrow

Barbara Sharrow
Field Office Manager

Enclosure – 1
1 – Map, 1 page



Legend

- Bull Mountain Unit
- Bull Mtn. Pipeline
- Highway 133
- Permitted Well Sites (Not Drilled)
- Existing Well Pads

Roads

- Improved haul route
- County Road 265
- unimproved dirt road
- ranch 2-track road
- Existing Pipelines

Ownership

- BLM
- Private
- State
- USFS



Uncompahgre Field Office
Bureau of Land Management
 2465 South Townsend Ave.
 Montrose, CO 81401

Scoping Notice Map
Bull Mountain Unit
Gunnison County, Colorado



Bull Mountain & Chair Mountain Topoquads
Scale: 1:48,000